

Message Text

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15

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 CIAE-00

INR-07 NSAE-00 NSCE-00 /058 W
----- 057728

R 300230Z OCT 75

FM USLO PEKING

TO SECSTATE WASHDC 4655

INFO AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O.11652: N/A

TAGS: ETRD CH

SUBJECT: PRC INTEREST IN HIGH-PRESSURE STEEL TUBING

1. AUBREY FITCH, US STEEL EASTERN REGIONAL SALES MANAGER, INFORMED USLO DURING A RECENT VISIT THAT HIS FIRM WAS ASKED BY MINMETALS TO QUOTE ON 30,000 TONS OF OILFIELD CASING AND TUBING, MAINLY OF GRADE J-55, BUT ALSO WITH N-80 AND P-110. THIS TUBING IS OF HIGHER QUALITY THAN IS USUALLY USED IN ORDINARY OIL WELL CASING, AND MORE LIKE THAT USED UNDER "FRACTURING" PRESSURES. WHEN ASKED IF THE TUBING WAS TO BE USED IN FRACTURING, THE CHINESE DID NOT ANSWER.

2. US STEEL, WHICH CAME PREPARED TO SELL THIS LARGE QUANTITY OF TUBING WAS SURPRISED BY A CHINESE PRICE OFFER SOME THIRTY PERCENT BELOW CURRENT WORLD PRICES. DURING THE NEGOTIATIONS THE CHINESE INDICATED THAT THE AMERICAN FIRM WAS FACING COMPETITION FROM OTHER COUNTRIES AND FITCH BELIEVED THAT EITHER THE FRENCH OR JAPANESE MAY BE OFFERING AN STEEL FOR OIL PACKAGE DEAL TO THE CHINESE.

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3. US STEEL ALSO INQUIRED ABOUT PURCHASING CHINESE

MINERALS BUT WAS QUOTED PRICES ABOUT THIRTY PERCENT
ABOVE WORLD MARKET LEVELS. THE US STEEL TEAM LEFT
PEKING WITHOUT DOING ANY BUSINESS.

4. THIS INFORMATION IS COMMERCIALLY SENSITIVE.
BUSH

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NNN

Message Attributes

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Concepts: PROCUREMENT, STEEL
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Disposition Action: RELEASED
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Disposition Authority: GolinoFR
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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